

Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 NEA-10 ISO-00 OPIC-03
TRSE-00 AF-10 PCH-06 COME-00 FRB-03 L-03 H-01
SS-15 NSC-05 PA-01 ICA-11 OMB-01 AID-05 /115 R

DRAFTED BY EB/IFD/OIA:RDKAUZLARICH:ME
APPROVED BY EB/IFD:CFMEISSNER
OPIC:RSMITH (DRAFT)
TREASURY:GHUFBAUER (SUBS)
EB/OCA:AZUCCA (DRAFT)

-----110854 050326Z /62

R 042148Z APR 78
FM SECSTATE WASHDC
TO ALL AFRICAN DIPLOMATIC POSTS
ALL AMERICAN REPUBLIC DIPLOMATIC POSTS
ALL NEAR EASTERN AND SOUTH ASIAN DIPLOMATIC POSTS
AMEMBASSY ANKARA
AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY PORT MORESBY
AMEMBASSY SEOUL
AMEMBASSY SUVA
AMEMBASSY TAIPEI
AMEMBASSY ATHENS
AMEMBASSY BELGRADE
AMEMBASSY BUCHAREST
AMEMBASSY LISBON
AMCONSUL MARTINIQUE
AMEMBASSY NICOSIA
AMEMBASSY SINGAPORE
AMEMBASSY VALLETTA
AMCONSUL TANGIER
AMEMBASSY BEIRUT POUCH
AMCONSUL BELIZE POUCH
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APIA WESTERN SAMOA POUCH
XMT AMEMBASSY BRAZZAVILLE
AMCONSUL CAPE TOWN
AMEMBASSY DJIBOUTI
AMEMBASSY MAPUTO
AMEMBASSY PRAIA
AMEMBASSY PRETORIA

AMEMBASSY VICTORIA
USINT HAVANA
AMEMBASSY MEXICO
AMEMBASSY NASSAU
AMEMBASSY ALGIERS
AMEMBASSY KUWAIT
USMISSION SINAI
AMEMBASSY TRIPOLI
AMEMBASSY BEIRUT

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TANGIER FOR AL ZUCCA, NEA ECON/COMM OFFICERS CONFERENCE

E.O. 11652: N/A

TAGS: EINV, OPIC

SUBJECT: U.S. INTERNATIONAL DIRECT INVESTMENT POLICY AND
SUPPORT OF OPIC

REF: 77 STATE 185216

1. REPORTS FROM ECONOMIC/COMMERCIAL OFFICERS INDICATE
THERE MAY BE SOME MISUNDERSTANDING REGARDING THE RELATION-
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SHIP BETWEEN THE EPG INVESTMENT POLICY STATEMENT OF LAST
JULY (REFTEL) AND THE SUPPORT AND FACILITATIVE SERVICES
EMBASSY OFFICERS PROVIDE FOR THE OVERSEAS PRIVATE INVEST-
MENT CORPORATION (OPIC).

2. THE EPG INVESTMENT POLICY STATEMENT STATES A BASIC
ATTITUDE OF THE U.S. GOVERNMENT TO NEITHER PROMOTE NOR
DISCOURAGE INTERNATIONAL INVESTMENT FLOWS OR ACTIVITIES.
THIS POLICY IS BASED ON OUR VIEW THAT INTERNATIONAL INVEST-
MENT, IF IT IS ALLOWED TO FLOW ACCORDING TO MARKET FORCES,
WILL GENERALLY RESULT IN THE MOST EFFICIENT ALLOCATION OF
ECONOMIC RESOURCES. AT THE SAME TIME THE EPG REAFFIRMED
THIS POLICY, IT ENDORSED LEGISLATIVE PROPOSALS TO CONTINUE
OPIC WITH SOME CHANGES IN FOCUS.

3. HOWEVER, WE HAVE A PARTICULAR INTEREST IN DIRECT
INVESTMENT FLOWS TO DEVELOPING COUNTRIES BECAUSE WE SEE
SUCH FLOWS AS AN IMPORTANT SUPPLEMENT TO OTHER FORMS OF
RESOURCE TRANSFERS. OPIC LEGISLATION IS PART OF THE
FOREIGN ASSISTANCE ACT. FOR THIS REASON, THE ADMINISTRA-
TION AND CONGRESS HAVE DIRECTED OPIC TO OPERATE SO AS TO
CONCENTRATE ITS ACTIVITIES IN THE LOWER INCOME LDCS, IN

PARTICULAR THOSE COUNTRIES WITH PER CAPITA INCOMES OF LESS THAN 1,000 DOLLARS IN 1975 DOLLARS WITH SPECIAL EMPHASIS ON THOSE WITH PER CAPITA GNPS OF LESS THAN 520 DOLLARS. OPIC'S BASIC INSURANCE FUNCTION IS TO REDUCE THE RISK DISTORTION IN THE FUNCTIONING OF THE DIRECT INVESTMENT MARKETS IN DEVELOPING COUNTRIES. BY REDUCING POLITICAL RISK THROUGH THE SALE OF INSURANCE, OPIC ALLOWS INVESTMENT DECISIONS WHICH SUPPORT ECONOMIC DEVELOPMENT OBJECTIVES OF DEVELOPING COUNTRIES TO BE MADE ON THE BASIS OF ECONOMIC FACTORS REFLECTING A MORE NORMAL RISK FUNCTION. OPIC'S FINANCE FUNCTION ASSISTS U.S. INVESTORS, PARTICULARLY IN DEVELOPMENTAL INVESTMENTS IN THE LOWER INCOME COUNTRIES. OPIC'S INVESTMENT PROMOTION EFFORTS ARE DIRECTED TOWARD LOWER INCOME LDCS AND HIGHEST PRIORITY LIMITED OFFICIAL USE

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INVESTMENT TARGETS.

4. WE ANTICIPATE THAT THE OPIC AUTHORIZING LEGISLATION WILL PASS CONGRESS SOON. WHEN THIS OCCURS, POSTS SHOULD BE PREPARED TO EXTEND THE SAME SUPPORT AND FACILITATIVE SERVICES TO OPIC THAT THEY HAVE IN THE PAST. THE POLICY STATEMENT DOES NOT PRECLUDE APPROPRIATE ASSISTANCE TO LDCS WISHING TO ATTRACT FOREIGN DIRECT INVESTMENT. VANCE

NOTE BY OC/T: POUCHED BEIRUT, BELIZE, AND SOMOA.

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Message Attributes

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Channel Indicators: n/a
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Concepts: POLICIES, INVESTMENTS
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Draft Date: 04 apr 1978
Decaption Date: 01 jan 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Litigation History:
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